



Board of Administration

P.O. Box 942701
Sacramento, CA 94229-2701
(916) 326-3932

March 24, 2004

Ms. Darla C. Stuckey
Corporate Secretary
New York Stock Exchange
11 Wall Street
New York, New York 10005

VIA FAX: (212) 656-3939

Dear Ms. Stuckey:

On behalf of the California Public Employees' Retirement System (CalPERS) and our 1.4 million members, it gives me great pleasure to nominate Arthur Levitt and Ralph V. Whitworth to the Board of Directors of the New York Stock Exchange (NYSE).

I have briefly outlined below the reasons we believe Messrs. Levitt and Whitworth are highly qualified candidates for the NYSE Board, and their impeccable credentials that support our nomination.

Arthur Levitt

Mr. Levitt is the former Chairman of the United States Securities and Exchange Commission (SEC). As Chairman of the SEC, investor protection was Mr. Levitt's top priority. Throughout his tenure at the Commission, Chairman Levitt worked to educate, empower, and protect America's investors. Early in his tenure, Chairman Levitt created the Office of Investor Education and Assistance and established a website (www.sec.gov), which allows the public free and easy access to corporate filings and investor education materials.

His hallmark policy successes during his tenure include improving the quality of the financial reporting process, maintaining the independence of auditors, saving investors billions of dollars by reducing spreads in the Nasdaq market, promoting the use of plain English in financial documents, requiring that important information be released to all investors simultaneously, fighting Internet fraud, and cleaning up the municipal bond market.

He also conducted more than forty investor town meetings throughout the country to listen to the concerns of investors and to give them tips on safe and wise participation in the securities markets.

CalPERS currently retains no relationship with Mr. Levitt.

Ralph V. Whitworth

Mr. Whitworth is a founder and principal of Relational Investors LLC, a \$2.3 billion investment fund specializing in strategic block investments. Mr. Whitworth has served as chairman of the board of two public companies during crisis and turnaround situations and as a director of five others. His hands-on experience has given him a unique understanding of the business environment and has earned him the respect of the business community. In addition, Mr. Whitworth brings direct operational experience in finance, investments and acquisitions. His 19 years of business and corporate board activities enable him to identify the problems facing companies and their boards, and perhaps most importantly, give him the ability to effectively communicate with the board.

Specifically, Mr. Whitworth served as chairman of the board of Waste Management, Inc. in 1999 as a major crisis management assignment. He was responsible for overall management of the company and led the recruitment effort to replace the company's management team. He played a similar role at Apria Healthcare Group Inc. (the world's largest home healthcare provider) in 1998, where he initiated a number of progressive corporate governance initiatives. As a result, Apria was selected by Institutional Shareholder Services in 2000 as the best governed company in North America and appeared on *BusinessWeek's* list of "Best Boards" in 2001 and 2003. He continues to serve on the boards of Apria and Waste Management. He also serves on the boards of three other NYSE listed companies, including Tektronix, Mattel, and United Thermal Corporation.

Mr. Whitworth is considered an expert on corporate governance issues. Among his various governance related activities, he has been invited to present his views before Congress, the Securities and Exchange Commission, the New York Stock Exchange Board and the New York Federal Reserve on corporate governance and shareholder rights matters. He also served on three Blue Ribbon committees sponsored by the National Association of Corporate Directors and the Council of Institutional Investors on executive compensation and corporate governance.

CalPERS is currently an investor in Mr. Whitworth's fund Relational Investors L.L.C. Our Board of Administration has committed \$1 billion for investment in the fund.

I have attached curriculum vitae for Mr. Levitt and Mr. Whitworth for your reference, that includes their business addresses per your request. I have also included a page from our March 2004 equity purchase report that serves as documentation that CalPERS is an investor in equity securities.

Darla C. Stuckey

March 24, 2004

We believe that Messrs. Levitt and Whitworth have the skill and experience to carry out the mission of the New York Stock Exchange – to add value to the capital-raising and asset-management process by providing the highest quality and most cost effective marketplace. More importantly, we believe they have the vision, passion and integrity to help restore the trust and confidence of America's investing public.

We appreciate your time and consideration of these nominations. Please feel free to contact me at (916) 326-3932 if you have any questions.

Sincerely,

Sean Harrigan
President

cc: CalPERS Board of Administration